

EXHIBIT 11

WAMY

(Supplementary W/Ps)
July 2011

Charity # 3008146

CLIENT: WORLD ASSEMBLY OF MUSLIM YOUTH (WAMY)

- 2) To support and maintain missions and missionaries in order to propagate the faith;
- 3) To provide training and resources to anyone interested in Islam and Muslims;
- 4) To support and cooperate with all humanitarian and Islamic organizations and individuals interested in advancing similar charitable objectives;
- 5) To establish a think tank and research centre to develop Islamic Thought and provide resources to students, members, academics, the media, and anyone else interested in Islam; and
- 6) For the purposes aforesaid, and as incidental and ancillary thereto:
 - a) To acquire and hold land for the purposes of a place of worship, to hold meetings, classes, and a library; and
 - b) To operate a printing or publishing office in order to print, publish and distribute religious books, magazines, papers, research monographs and other religious literature related to the charitable objects.

II) Have the objects in the governing documents been approved by the Charities Directorate? ☒ Yes ☐ No

III) Are the activities consistent with the approved objects? Yes ☐ No ☒

The Charity has been advised in a letter (NITR) dated January 5, 2012 that it's charity status will be revoked within 30 days.

IV) Conclusion

An AFL was issued on August 23, 2011 to which no response has been received. A NITR was issued on January 5th, 2011, with a February 11, 2012 date to be published in the Canada Gazette revoking the charity's status.

G. AUDIT FINDINGS AND THE CHARITY'S REPRESENTATIONS

CONCERNS: refer to AFL dated August 23, 2011.

WAMY has failed to meet the definition of a charitable organization under the Act .

Issue 1: Failure to maintain books and records in accordance with the Act

WAMY's failure to maintain essential books and records has limited the CRA's ability to verify the nature and recipients of payments, confirm all revenues, and expenditures as recorded or verify the accuracy of its official donation receipts. For example, the CRA was unable to reconcile the revenue reported to deposits in the corporate bank account, meeting minutes has not allowed the CRA to determine the nature and intended purpose of WAMY's business dealings, what relationships have been developed, and who, effectively, exercises ultimate control over the arrangements or transactions. It is our view that WAMY has not met the requirements set out in subsection 230 (2) of the Act that a

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Issue 6: Failed to file an information return as and when required under the Act or a Regulation (Paragraph 168(1)(c) of the Act)

Our review of WAMY's T3010's covering the period from January 1, 2000 to December 31, 2003, indicates that many items reported by the organization were incorrectly identified or omitted.

It is our view that WAMY has improperly certified that it has filed returns that are correct and complete and has not met the requirement of the Act to file a prescribed information return.

WAMY's Representation

No response.

CRA's Response

N/A

H. PENALTY & SANCTION RECOMMENDATION REPORT

☒ **No sanctionable concerns**

☐ Sanction Recommendation Report attached

I. ASSET WORKING PAPER

The organization has no assets in Canada. Has indicated in the 2009 T3010 that it has capital assets in the amount of \$1,255.00 outside of Canada; however, no further details are available. Organization has not operated since before 2005.

J. CHARITY'S CONCURRENCE

Organization has not responded – non-concurrence.

K. REFERRALS

None

L. MATTERS TO BE FOLLOWED UP

None

to respond to the areas of concern identified below and to provide reasons why its status as a registered charity should not be revoked.

1. Failed to comply with or contravened any of sections 230 to 231.5 of the Act (Paragraph 168(1)(e) of the Act)

1.1 Failure to maintain books and records in accordance with the Act

Subsection 230(2) of the Act requires that every registered charity keep books and records of account at an address in Canada recorded with the Minister containing information in such form as will enable the Minister to determine whether there are any grounds for the revocation of its registration.¹

A key component of the CRA's ability to ensure compliance is through audit verification of a charity's books and records. Our audit findings reveal that WAMY did not maintain proper books and records in accordance with the Act. In this regard, deficiencies noted during the period under audit include the following:

- failure to maintain a general ledger or similar record of receipts and expenditures;
- unable to provide any cancelled cheques for its fiscal year ending December 31, 2001, and cancelled cheques number 5, 26 through 32, and 51 were missing from its records for fiscal year ending December 31, 2002;
- failure to maintain a minute book or hold board meetings in accordance with its corporate by-laws;
- the accuracy and accounting of receipts were inadequate;
- unable to provide copies of official donation receipts 30 through 82 for the fiscal year ending December 31, 2002; and
- failure to maintain bank deposit slips for any of the fiscal years that were under audit.

WAMY's failure to maintain essential books and records has limited the CRA's ability to verify the nature and recipients of payments, confirm all revenues, and expenditures as recorded or verify the accuracy of its official donation receipts. For example, the CRA was unable to reconcile the revenue reported to deposits in the corporate bank account for the 2001 and 2002 taxation years. In addition, the absence of key corporate records such as

¹ Subsection 230(2) of the Act, states that: "every registered charity... shall keep records and books of account at an address in Canada recorded with the Minister or designated by the Minister containing:

a) information in such form as will enable the Minister to determine whether there are any grounds for the revocation of its registration under this Act;

b) a duplicate of each receipt containing prescribed information for a donation received by it; and

c) other information in such form as will enable the Minister to verify the donations to it for which a deduction or tax credit is available under this Act."

- by terrorist organizations posing at legitimate entities;
- to exploit legitimate entities as conduits for terrorist financing, including for the purpose of escaping asset freezing measures; and
- to conceal or obscure the clandestine diversion of funds intended for legitimate purposes to terrorist organizations.

However, the clearest expression of Canada's public policy in this regard is found in the *Charities Registration (Security Information) Act*, which was enacted to "demonstrate Canada's commitment to participating in concerted international efforts to deny support to those who engage in terrorist activities, to protect the integrity of the registration system for charities under the *Income Tax Act* and to maintain the confidence of Canadian taxpayers that the benefits of charitable registration are made available only to organizations that operate exclusively for charitable purposes".²¹

Many of the policy and guidance statements for charities published on the CRA website call attention to the need to observe Canada's laws and public policy in this regard. For example, our publication entitled "CRA Guidance- Activities Outside of Canada" warns:

Charities have to remember their obligations under Canada's anti-terrorism legislation. As with all individuals and organizations in Canada, charities are responsible for making sure that they do not operate in association with individuals or groups that are engaged in terrorist activities, or that support terrorist activities.²²

Adverse Reporting on WAMY and its Affiliates

WAMY (Saudi Arabia)'s apparent control over the projects and activities to which WAMY allocates its resources is of concern to us in light of the allegations that WAMY (Saudi Arabia), along with other WAMY branches, presumably with the approval of WAMY (Saudi Arabia), have provided support to terrorist organizations. A sample of the adverse reporting is outlined below.

- The July 29, 2006, edition of the *Indian Express* reported that WAMY (Saudi Arabia) has been providing funding to the Students Islamic Movement of India (SIMI), an organization that has been banned by the Indian Government for its anti-government activities.²³ We note that SIMI's Secretary-General, Mr. Safiar Nagori, who has been identified in media reports as an important figure in the global *jihadi* movement, was arrested in connection with July 11, 2006, bombings in Mumbai, India;²⁴ SIMI is also believed to have links to *Lashkar-e-*

²¹ *Charities Registration (Security Information) Act*, Section 2 (Purpose and Principles)

²² CRA Guidance – Canadian Registered Charities Carrying Out Activities Outside of Canada

²³ Staff Writer (2006) Government says SIMI Thrived, Spread, Despite Ban *Indian Express* July 29, 2006

Staff Writer (2006) Intelligence to Counter Terror *The Statesman (India)* September 1, 2006

²⁴ Sharan, Abhishek (2008) 11/7 Brain, Friend of a Hamas Top Gun *Hindustan Times* March 28, 2008

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Tayyiba.²⁵ *Laskhar-e-Tayyiba* (LeT) was listed as terrorist entity pursuant to s. 83.05 of the *Criminal Code* (Canada) on July 18, 2003.²⁶

- A report in the October 2005 issue of the Jamestown Foundation's *Terrorism Monitor*²⁷ alleges that WAMY (Saudi Arabia) is providing funds to Islamic militants in the Nigerian state of Yobe through a British organization affiliated with WAMY (Saudi Arabia), the Muslim World League (MWL), and the International Islamic Relief Organization (IIRO). On November 9, 2006 the United Nations Security Council approved the addition of the IIRO Indonesia branch office (a.k.a., The Human Relief Committee of the Muslim World League) to the list of entities belonging to or associated with the Al-Qaida organization.²⁸ The Philippine and Indonesian branch offices of the IIRO, a.k.a., The Human Relief Committee of the Muslim World League have been closed for ties to terrorist financing.²⁹
- The April 12, 2002, edition of the *Arab News* reported that WAMY (Saudi Arabia) was increasing its monthly contribution to the Palestinian *intifada* to \$2.7 million (USD). This increase was in addition to another \$70 million (USD) that had been collected through WAMY offices abroad;³⁰
- Jamaluddin B. Hoffman's report, Guide to Wahhabi Organizations in North America, identifies WAMY as the sister organization to the MWL, which he categorizes as "...the most important and influential Wahhabi organization in the world, effectively serving as the ideological headquarters for Islamic extremists worldwide. The MWL conducts its work through branch offices and affiliate organizations established in countries all over the world... Many of those groups have direct links to the al-Qaeda terrorist network and other terrorist

²⁵ The Hudson Institute, "Mumbai Blasts, Once Again", by Apama Pande July 13, 2011

²⁶ www.publicsafety.gc.ca

²⁷ Shwartz, Steven (2005) Islamic Extremism on the Rise in Nigeria *Terrorism Monitor* 3(20)

- Founded in 1984, the Jamestown Foundation is a US based policy think-tank that specializes in the analysis of events and trends in countries and societies that are of strategic or tactical importance to the US and which routinely restrict access to such information. It is a public charity recognized under sections 501(c)(3) and 509(a)(1)(2) of the US Internal Revenue Code.

²⁸ The United Nations Security Council 1267 Committee maintains a list of individuals and entities belonging to or related to the Taliban, Usama Bin Laden and the Al-Qaida organization on their website (<http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>).

²⁹ The listing of the Philippine and Indonesian branch offices of the IIRO can be found on the following websites:

- The Office of the Superintendent of Financial Institutions Canada web site <http://www.osfi-bsif.gc.ca> contains the consolidated list of names subject to the regulations establishing a list of entities made under subsection 83.05(1) of the *Canadian Criminal Code* or the *United Nations Suppression of Terrorism Regulations*.
- The United Nations Security Council 1267 Committee website (<http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>) contains a list of individuals and entities belonging to or related to the Taliban, Usama Bin Laden and the Al-Qaida organization.

³⁰ Hassan, Javid (2002) WAMY to raise monthly contributions to Palestinian Intifada to SR10 million *Arab News* April 12, 2002.

organizations.”³¹ Hoffman also describes WAMY (Saudi Arabia) as “...the youth [wing] of the transnational extremist movement...”.

- A BBC Worldwide Monitoring Report, dated November 23, 2006, indicates that the Egyptian Government refused to issue an entry visa to Qazi Hussain Ahmad, chief of the Jamaat-i-Islami; Mr. Ahmad had been invited by WAMY (Saudi Arabia) to its 10th Annual General Convention.³² Jamaat-i-Islami is a Pakistani based political party founded by Syed Abul Ala Maududi. The Jamaat-i-Islami's militant wing Hizbul Mujahideen is a listed entity in the European Union.³³

According to the Hudson Institute, Jamaat-i-Islami provided funds and military training to various Islamist liberation movements from places such as Chechnya and Bosnia.³⁴ During the Soviet occupation of Afghanistan, Jamaat-i-Islami provided direct support to the Afghan *mujahideen* based in Pakistan. It also hosted many of the Arab *mujahideen* who had come to participate in the insurgency.³⁵ During the Soviet occupation of Afghanistan, JI also maintained close links to Gulbeddin Hikmatyar's Hizbe Islami, a listed terrorist entity in Canada.³⁶

- Testimony by terrorism consultants and analysts Matthew Epstein³⁷ and Evan Kohlmann³⁸ before the United States Senate Committee alleges that WAMY supports terrorism.³⁹

³¹ Hoffman, Jamaluddin B. Guide to Wahhabi Organizations in North America, available at <http://cpt-mi.org/WahhabiOrganizationsNorthAmerica.pdf> (accessed September 19, 2006)

▪ Mr. Hoffman is associated with the Islamic Supreme Council of America (ISCA). According to ISCA's website they are a non-profit, non-governmental religious organization dedicated to providing practical solutions for American Muslims based on the traditional Islamic rulings of an international advisory board (<http://islamicssupremecouncil.org>).

³² BBC Monitoring South Asia (2006) Egyptian Government Refuses to issue visa to Qazi Hussain Ahmad *Jang* November 22, 2006.

³³ Official Journal of the European Union, 2006-03-21, "Council Common Position 2006/231/CFSP of 20 March 2006" [7202-2-62]

McCants, William, editor (2006) *Militant Ideology Atlas* West Point, NY: U.S. Military Academy, Combating Terrorism Center, pg. 229 - 233

▪ The *Militant Ideology Atlas* is the result of a comprehensive study of the literature produced by those intellectuals whose works have provided the theological and ideological underpinning for the global *jihadi* movement. The *Atlas* is available online at www.ctc.usma.edu/atlas/default.asp.

³⁴ The Hudson Institute, "Ideologies of South Asian Jihadi Groups", Published by Husain Haqqani, 2005-05-19

³⁵ Ibid

³⁶ Ibid and www.publicsafety.gc.ca

³⁷ Matthew Epstein is a terrorism analyst and attorney specializing in terrorism financing. He is also the Assistant Director of the Investigative Project, an independent research project on Islamic and Middle Eastern terrorist and militant groups.

³⁸ Evan Kohlmann is an international terrorism consultant, and has served as an expert witness on Al-Qaida and Usama Bin Laden in post 9/11 federal terrorism trials held in the United States. His articles appear in various news reports, and he is frequently interviewed as a terrorist expert in the major media. He is also the author of the book *Al-Qaida's Jihad in Europe*.

³⁹ *Progress Since 9/11: The Effectiveness of U.S. Anti-Terrorist Financing Efforts* – Testimony of Matthew Epstein with Evan Kohlmann, March 11, 2003, available at: <http://financialservices.house.gov/media/pdf/031103me.pdf> (accessed May 11, 2007)

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In approximately 1993, in conversations with former senior al-Qaida lieutenant Jamal Ahmed Al-Fadl, **Usama Bin Laden identified three Muslim charities [including the World Assembly of Muslim Youth] as the primary sources of Al-Qaida financial and fundraising activity.**

These three organizations served a critical role in the Arab-Afghan terrorist infrastructure by laundering money originating from bank accounts belonging to Bin Laden and his sympathetic patrons in the Arabian Gulf, providing employment and travel documents to Al Qaida personnel worldwide, and helping 'to move funds to areas where Al-Qaeda was carrying out operations.'

According to a U. S. Justice Department brief on the subject:

'[Al-Fadl] understood from conversations with Bin Laden and others in al Qaeda that the charities would receive funds that could be withdrawn in cash and a portion of the money used for legitimate relief purposes and another portion diverted for al Qaeda operations. The money for al Qaeda operations would nevertheless be listed in the charities' books as expenses for building mosques or schools or feeding the poor and needy.'

Connections to Benevolence International Fund and Benevolence International Foundation

Our analysis of the information gathered from the documents acquired during the audit of WAMY, along with those retrieved from open sources, and documents filed in relation to Benevolence International Fund's (BIF-Canada) application for charitable status⁴⁰ indicates that WAMY was closely associated to BIF-Canada and provided funding to the Benevolence International Foundation (BIF-USA) in the United States. The analysis that has led to the CRA's position includes:

1. BIF-Canada and WAMY shared a common director and contact information.
 - a) Mr. Mohamed Khatib served as President of WAMY at the same time he served as Secretary of BIF-Canada;⁴¹ and
 - b) the mailing address on WAMY's November 1998 application for charitable registration and its 1999 annual information return is listed as 19 Varna Drive, North York, Ontario M6A 2L6. This is the same residential address as provided by WAMY's President, Mr. Mohamed Khatib. The mailing address provided to the CRA by BIF-Canada when it applied for charitable status in December 2000

⁴⁰ Paragraph 241(4)(a) of the Act allows the CRA to disclose to any person "taxpayer information that can reasonably be regarded as necessary for the purposes of the administration or enforcement of this Act."

⁴¹ WAMY's 1999 and 2000 T3010s and BIF's T2050 submitted to CRA on December 18, 2000